FISCAL NOTE
SB 17
SECOND EXTRAORDINARY SESSION

November 8, 1999

SUMMARY OF BILL: (1) Requires businesses with gross sales of $100,000 or more during the 12 month period preceding the effective date of the act to file quarterly reports with the Department of Revenue beginning April 15, 2000 and extending until January 15, 2001 containing the business' gross sales for the quarter including sales of services subject to and not subject to sales and use taxes and sales of tangible and intangible personal property subject to and not subject to sales and use taxes; (2) Requires Department of Revenue to compile information from businesses and prepare a report for distribution to the Governor and members of the General Assembly each quarter; and (3) Provides that businesses failing to timely make such report will be subject to a penalty of 2% of their gross sales for the month with the highest sales during the period covered by the report. The provisions of the bill will expire and be repealed on 1/15/01.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $175,000 One-Time FY 99-00
$80,000 One-Time FY 00-01

Increase State Revenues - Less than $100,000

Estimate assumes:

- state would experience a one-time increase in expenditures of $95,000 in FY99-00 for computer programming costs.
- state would experience increased expenditures of $40,000 per quarter for the costs of printing and mailing 100,000 surveys to businesses. Two mailings would occur in both FY99-00 and FY00-01.
- state would experience an increase in revenues from penalties charged to businesses that don't timely comply with reporting requirements. The penalties are estimated to be less than $100,000 based on the assumption that most businesses will comply to avoid such penalties.
- provisions of the bill will expire and be repealed on 1/15/01.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport, Executive Director